

## Message Text

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PAGE 01 BAGHDA 01378 050804Z  
ACTION NEA-10

INFO OCT-01 AF-10 ARA-10 EUR-12 ISO-00 SOE-02 AID-05  
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 DOE-15 H-01  
INR-10 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05  
ICA-11 OES-07 SP-02 SS-15 STR-07 TRSE-00 ACDA-12  
PA-01 /159 W

-----018897 050806Z /10

R 030905Z JUL 78  
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INFO AMEMBASSY ABU DHABI  
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AMEMBASSY AMMAN  
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AMEMBASSY BEIRUT  
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AMEMBASSY CAIRO  
AMEMBASSY CARACAS  
AMEMBASSY DAMASCUS  
AMCONSUL DHAHRAN  
AMEMBASSY DJAKARTA  
AMEMBASSY DOHA  
AMEMBASSY JIDDA  
AMEMBASSY KHARTOUM  
AMEMBASSY KUWAIT  
AMEMBASSY LAGOS  
AMEMBASSY LOME  
AMEMBASSY LONDON  
AMEMBASSY MANAMA  
AMEMBASSY PARIS  
USLO RIYADH  
AMEMBASSY TEHRAN  
AMEMBASSY TRIPOLI

C O N F I D E N T I A L BAGHDAD 1378

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PAGE 02 BAGHDA 01378 050804Z

E.O. 11652: GDS  
TAGS: ENRG, ETRD, PINR, IZ  
SUBJECT: GOI MINOIL OFFICIAL DENIES THAT IRAQ WILL CUT CRUDE  
PRODUCTION

1. ECONOFF MET, JUNE 27, WITH DOCTOR AWNI SHAKER HAMMADI (AL-  
ANI), DIRECTOR GENERAL OF MINOIL FOREIGN RELATIONS AND INVEST-

MENT BUREAU, WHO WAS A MEMBER OF IRAQI DELEGATION TO TAIF AND GENEVA OPEC MEETINGS. APPOINTMENT HAD BEEN REQUESTED IN MARCH.

2. IN CORDIAL MEETING LASTING NEARLY ONE HOUR, SHAKER DECLINED TO ELABORATE DETAILS OF IRAQ'S POLICY ON OIL PRICES IS WELL KNOWN. WHEN ASKED IF HE COULD QUANTIFY THE IMPACT OF THE RECENT DOLLAR DECLINE ON IRAQI PURCHASING POWER, SHAKER REFERRED TO KUWAITI AND SAUDI STUDIES SHOWING LOSSES IN THE RANGE OF TEN TO TWELVE PERCENT.

3. SHAKER CLAIMED THAT IRAQ HAS NO PREFERENCE AMONG THE VARIOUS PROPOSALS FOR ALTERNATIVES TO DOLLAR DEMONINATION OF OIL PRICES AND AGREED THAT ECONOFF'S SUGGESTION THAT A SHIFT FROM THE DOLLAR WOULD PLACE THE OPEC COUNTRIES IN THE POSSIBLY UNCOMFORTABLE POSITION OF CURRENCY SPECULATORS.

4. TURNING TO THE QUESTION OF PRODUCTION PROGRAMMING, ECONOFF ASKED IF MINOIL TAYEH ABDUL KARIM'S RECENT STATEMENT THAT THE NEEDS OF FUTURE GENERATIONS SHOULD BE TAKEN INTO ACCOUNT IN PLANNING LEVELS OF OIL PRODUCTION INDICATED A GOI DECISION TO CURTAIL PRODUCTION. SHAKER DREW A DISTINCTION BETWEEN PRODUCTION PROGRAMMING AND LONG RANGE PLANNING AND STATED THAT IRAQ WILL NOT CUT ITS PRODUCTION. NOTING THAT THE PRESENT LEVEL OF PRODUCTION IS BELOW CAPACITY FOR TECHNICAL AND MARKET REASONS, HE DID NOT DISCUSS LONG-RANGE PLANS.

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PAGE 03 BAGHDA 01378 050804Z

5. IN RESPONSE TO QUESTIONS ON GOI MARKETING POLICY, SHAKER SAID THAT GOI HAS "NO OBJECTION" TO INCREASED CRUDE PURCHASES BY THE U.S. AND CONFIRMED THAT IRAQ IS TRYING TO RELATE IMPORT LEVELS TO VOLUME OF CRUDE OIL PURCHASES BY SUPPLIER COUNTRIES; HOWEVER, HE ADDED THAT BOYCOTT PROBLEMS ARE A GREATER BARRIER TO TRADE WITH THE U.S. WHEN QUERIED ABOUT PRESENT IRAQI POLICY ON OIL BARTERING, HE OBSERVED THAT THIS IS ONE OF THE MOST SENSITIVE ISSUES AFFECTING IRAQ'S VITAL NATIONAL INTERESTS AND DECLINED FURTHER ELABORATION.

6. COMMENT: ALTHOUGH THE INTERVIEW WITH SHAKER DID NOT PRODUCE NEW INFORMATION, IT MARKS THE THIRD IN A SERIES OF MEETINGS GRANTED IN RESPONSE TO USINT'S REQUESTS IN THE SENSITIVE PETROLEUM AGENCIES THAT HAVE, HERETOFORE, BEEN LARGELY OFF LIMITS. SHAKER IS AN INTELLIGENT AND ARTICULATE TECHNOCRAT WHO SEEMS WELL AWARE OF THE REALITIES OF WORLD CRUDE MARKET CONDITIONS CONFRONTING IRAQ. HE IS REPORTED TO BE A JUNIOR BAATH PARTY MEMBER, EDUCATED IN THE FRG, HAS VISITED THE U.S. ONLY ONCE IN A PRIVATE CAPACITY AND SPEAKS ENGLISH FLUENTLY.  
PECK

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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**Review Markings:**  
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